

CITY OF
HAYWARD
HEART OF THE BAY

FY 2013 General Fund Preliminary Year-end Review

*Tracy Vesely, Director of Finance
December 10, 2013*



Overview

- **No action tonight**
- **Preliminary FY 2013 General Fund year-end results**
 - > Discuss revenue & expenditure variances
- **Review impacts to General Fund forecast**
 - > GF gap continues
 - > Need to look at total picture: revenues & expenditures



Total City General Fund budget (preliminary)

➤ Assumed Use of FY 2013 General Fund Reserve

- Adopted (\$5.6M)
- Q2 Adjusted (\$3.9M)
- Q3 Adjusted (\$3.3M)
- Actual \$297K

Without one-time revenue – result would be \$1.6M gap



GF Variances from Adjusted Budget (Q3)

FY 2013 Actual to Q3 Adjusted projections

Key revenue variances +\$2.65M (2.2%)

- Property Tax (recurring): +\$881K
- Property Tax (1-time): +\$1.1M
- Property Transfer Tax: +\$596K
- TOT: +\$379K
- Charges for Services -\$296K

Key expenditure variances -\$919K (-0.7%)

- Net Staffing: -\$441K
- Non-personnel (1-time): +\$1.36M



General Fund Gap Persists

General Fund Gap of \$2.6M projected in FY 2014 & grows

- Some revenue categories improving – projections adjusted
 - > FY 2015 Property Tax base growth lower than planned – growth to base is .45% instead of 2% due to low CPI
 - > Not all revenues will continue to grow (e.g., TOT)
- General Fund 10-Year Plan Update in March 2014



Expenditures Driving GF Gap

- Benefits (e.g., medical & retirement) costs growing
 - > New CalPERS valuations – rates higher than projected (1%-3%)
 - > CalPERS assumption changes will further increase rates
 - > \$1M cost in FY 2019 due to Affordable Care Act “Cadillac tax”

- Many critical costs **not** included in budget
 - > Annual Required Contribution for Retiree Medical (+\$3.1M)
 - > Funding future benefit liabilities
 - > Capital/infrastructure need
 - > Funding for staffing resources to meet current demands



GF “What If” Assumptions

<i>(in 1,000's)</i>	Adopted FY 2014	Forecast FY 2015	Forecast FY 2016
FY 2014 Adopted General Fund Gap	(2,579)	(2,758)	(5,704)
Possible Impacts to Projections			
Possible revenue growth	2,000	2,000	2,000
Loss of assumed new SEIU & Local 21 concessions	(1,114)	(1,114)	(1,114)
Loss of HPOA concessions	-	(3,000)	(3,000)
Fund full OPEB annual required contribution	(3,142)	(3,142)	(3,142)
Subtotal Net Change	(2,956)	(5,656)	(5,656)
Possible Revised Gap Projections	(5,535)	(8,414)	(11,360)

- Assumptions do NOT include funding for
- capital needs
 - staffing resources to meet current demands
 - future benefit liabilities
 - known additional PERS rate increases



Next Steps

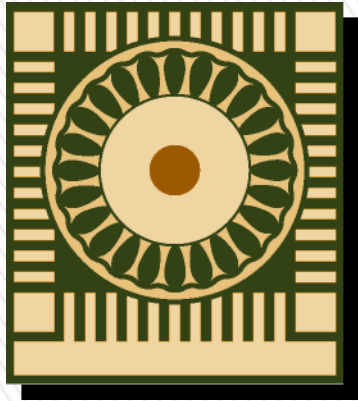
- February 2014: FY 2013 CAFR to City Council
- March 2014: FY 2014 Mid-Year Review & General Fund 10-Year Plan Update



Tentative FY 2015 & FY 2016 Biennial Budget Calendar

- May 6, 2014: Proposed Budget
- May 13, 2014: Work Session #1
- May 20, 2014: Work Session #2
- May 27, 2014: Work Session #3
- June 10, 2014: Work Session #4
- June 17, 2014: Public hearing on operating budget
- June 24, 2014: Adopt operating & CIP budgets





Questions/Discussion

